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An Experiment in Merit-Based Student Aid Is Likely to End

By AUSTIN WRIGHT

Angelo Haskins graduated in 2006 from an inner-city, East Baltimore high school with a transcript showing a challenging course load and a 3.6 grade-point average.

His hard work earned him a spot in the first group of recipients of Academic Competitiveness Grants, a new federal aid program for low-income, high-achieving students. Without the \$750 grant to bolster his other federal aid, he said, he might not have been able to attend Goucher College, in Maryland, where he is a rising senior.

But the Obama administration has no plans to renew the Bush-era competitiveness grants and their companion, the National Smart Grants, beyond their 2011 expiration date, meaning a likely end for America's short-lived experiment with merit-based federal financial aid. Instead, the administration will focus its resources on the popular Pell Grant program, which is strictly need-based.

Normally, efforts to end student-aid programs face fierce resistance from colleges. This time, though, hardly anyone is complaining.

Created by Congress in 2006, the two programs have been an administrative nightmare for financial-aid officers, have never met participation targets, and have been criticized in Washington by Democrats and Republicans alike.

Still, the programs' few supporters say the merit-based grants have encouraged low-income school districts to offer challenging courses, raising academic standards at a time when many students are ill-prepared for college.

Both grants are awarded to Pell-eligible students who maintain a 3.0 grade-point average in college. The competitiveness grant provides \$750 and \$1,300 for college freshmen and sophomores, respectively, who have completed a "rigorous" program of study in high school. Smart Grants, officially called the National Science and Mathematics Access to Retain Talent grants, provide up to \$4,000 for college juniors and seniors who major in science, mathematics, and certain foreign languages.

The goals of the programs are simple: to encourage low-income students to take rigorous high-school courses and then, once in college, to major in fields facing labor shortages.

Education Department officials say they still plan to work toward that goal after the grants expire, but through different means, such as pay raises for math and science teachers and performance-based pay for all teachers.

Secretary of Education Arne Duncan, when asked at a May news conference about plans to abolish the merit-based grant programs, said the best way to motivate low-income high-school students to take rigorous courses is to expand opportunities for them to enroll in courses at local colleges.

"When our children, particularly children who are the first generation going to college, have a chance to go on a college campus or to take a path to college credit," Mr. Duncan said, "they start to believe in their heart that they really can be successful in college."

Moving the Needle

Education Department officials argue that low-income students are better served through the Pell Grant program than through competitiveness and Smart grants, which have stricter eligibility criteria. The president's budget proposal would make the Pell program an entitlement, tie its annual increase to a measure of inflation, and raise the maximum award by \$200, to \$5,500, by the 2010-11 academic year.

The proposal would benefit the vast majority of the nearly six million Pell Grant recipients nationwide. But the roughly one in 10 who also qualify for Academic Competitiveness and Smart Grants will lose out once those programs expire, as annual increases in Pell would be far less than what those recipients would have received through merit-based aid.

Justin Hamilton, a spokesman for the Education Department, said the president's goal was "to have a simple, straightforward, easy-to-understand program that benefits the most students possible."

"When you have a variety of programs, some of them can go underutilized," he said.

From the get-go, the grants have fallen short of participation projections. In 2006 the Education Department predicted that 500,000 students would receive Academic Competitiveness or Smart Grants during the 2006-7 academic year, and lawmakers appropriated \$790-million for the programs.

That year, 369,208 students received the grants and only \$448-million was awarded.

Department officials blamed the lower-than-expected numbers on the lack of challenging programs of study at low-income high schools and confusion among college student-aid officers about eligibility criteria, and set a new goal to double the number of grant recipients by the 2010-11 academic year, when the grants are scheduled to expire.

In 2007 lawmakers eased the programs' restrictions, extending eligibility to part-time students, noncitizens, and students enrolled in certificate programs. A 2008 audit by the Education Department's inspector general said the Education Department had not done enough to promote the grants and should have done a better job following up with nonparticipating colleges.

Sen. Edward M. Kennedy, Democrat of Massachusetts, and chairman of the Senate education committee, supports the president's plan to let the merit-based programs expire, said his spokeswoman, Melissa Wagoner. She added that Mr. Kennedy was "pleased with the aggressive approach President Obama and his administration are taking to increase grant funding for all Pell Grant recipients."

But proponents of the merit-based grants say the Obama administration is making a mistake by dropping them. Margaret Spellings, the former education secretary who helped craft the programs under President George W. Bush, acknowledges that the programs are overly bureaucratic and need improvement. She believes, though, that they are a step in the right direction.

"Do higher-education officials and K-12 officials prefer free money with no strings attached? Absolutely," Ms. Spellings said. "But if we're trying to move the needle, putting resources behind our policy goals is a more powerful and prudent way to go."

She said the programs create incentives for impoverished school districts to offer more-rigorous programs of study, so their high-achieving students can qualify for the grants. "For many students, these classes weren't even offered" before the programs were created, Ms. Spellings said.

Many Congressional Republicans continue to support the concept of merit-based aid as well, said a senior Republican education staff member who spoke on the condition of anonymity because he was not authorized to discuss the issue publicly. While competitiveness and Smart grants "were not well crafted, not well thought out, and poorly implemented," he said, they have provided an "incentive for high schools to fix the things that are very difficult to fix."

Few Tears

Figuring out exactly what qualifies as a rigorous program of study, though, has been a daunting task for student-aid officers. In August 2006, the American Council on Education sent a letter to the Education Department that called the programs' guidelines "unworkable." The requirements place a "breathtaking administrative burden" on colleges, the council's then-president, David Ward, wrote in the letter.

"In the last three years, we've basically had to become transcript evaluators," said Raymond Gurrola, a student-aid adviser at Central New Mexico Community College, which has an open-door admissions policy and doesn't require applicants to submit transcripts.

In preparation for the 2008-9 academic year, financial-aid officers at the community college reviewed the application of every admitted student to determine which students were likely to be eligible for a competitiveness grant. They identified 3,517 students and sent them all letters asking for their high-school transcripts; 689 responded. Of those, only 131 received competitiveness grants from the federal government.

J.R. Mooney, associate director of operations at the University of Georgia's student-aid office, said that an enormous amount of staff time is devoted to understanding and administering these programs. "They're pretty convoluted compared to Pell," he said. "It's been very frustrating."

The department has taken several steps to ease the administrative burden, from clarifying certain guidelines to allowing students to check for themselves online whether they are likely to qualify. Still, the programs remain unpopular among those with the task of administering them.

"Few financial-aid administrators — and few students — will be shedding many tears for these programs that have disproportionately required so much administrative burden for schools and students and provided so little benefit in return," said Justin Draeger, vice president for public policy, advocacy, and research at the National Association of Student Financial Aid Administrators.

Whether the merit-based programs have had their intended effect is difficult to gauge. In 2007, Education Department officials said that wide disparities among states in the number of students receiving the grants show that the programs do work, rewarding states that offer more-rigorous programs of study.

The officials cited Arkansas as an example: The state requires high-school graduates to complete a college-preparatory curriculum, and it also had a high percentage of students who received competitiveness and Smart grants in the 2006-7 academic year.

Of the state's Pell Grant recipients, 31 percent received one of the merit-based grants, while most states were in the 20-percent-to-30-percent range. But there was no evidence that this pattern of rewarding high-performing states held across the country. The department also said in 2007 that it was sponsoring a study to determine whether the Smart Grant program encourages more students to major in high-need fields, but results have yet to be released.

Mr. Haskins, the Goucher College student, said that as a high-school student in an impoverished district plagued by crime and gang activity, he felt motivated by the promise of scholarships to stay in school and get good grades. At the end of his senior year, the federal government announced the creation of the two programs, and Mr. Haskins qualified for the competitiveness grant. Between that, his Pell Grant, and aid from Goucher College, most of the costs of his education were covered.

He said that rather than dropping the merit-based aid programs, the Obama administration should improve them.

"I want to know that there's something out there for merit students, for people who do exceptionally well in the classroom," Mr. Haskins said, "because that will make me do exceptionally well."